

SEWER

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increases every year after that. The four commissioners who voted for the plan then said that it wouldn't be painless, but that it was the best the county would be able to get, and the only plan that would get the county out of Chapter 9 municipal bankruptcy.

This week, the commission came back with a different plan, a different story and even higher sewer rates.

"This is evidence that the people of New York are better at negotiations than the people in Jefferson County," University of Alabama finance professor Robert Brooks said.

Higher rates rationale

Last month, when the county reached its deal with creditors, Matt Fabian, an analyst with Concord, Mass.-based Municipal Market Advisors, who has followed Jefferson County through its debt crisis and bankruptcy, predicted that the volatility of the market could jeopardize the county's proposal.

"The risk to this deal is that market appetite for the new bonds changes and that investors become more cautious or interest rates rise," Fabian said then. "There is a bit of finger crossing that the market holds together."

Cloudy crystal ball

So here's the scary thing: For there to be any certainty to the county's plan, the county must be able to accurately predict many different factors — including consumption, capital expenditures, operating expenses and revenue — 40 years into the future.

But this week the county showed that it couldn't accurately forecast eight weeks into the future.

Whether the commission gets this deal right or wrong will affect Jefferson County for the next generation and part of one after that.

Growing revenue

The county's plan for exiting bankruptcy predicts decreases in consumption, whether that's from lost customers or customers' conservation, of about 0.4 percent per year, according to documents it has filed in court.

However, according to testimony in bankruptcy court and county documents, the sewer system has seen consistent 3 percent drops in consumption every year for the last 10 years.

To grow revenue, the county has proposed annual rate increases.

The commission has portrayed that schedule of rate increases as though those increases are set in stone — as though this is a strict schedule of modest hikes that the sewer system will stick to and that creditors will have to live with.

But that's misleading.

In the county's plan of adjustment — the blueprint for emerging from Chapter 9 that it filed last month with the bankruptcy court — it describes the increases as required "unless adjusted upward or downward by an Adjusting Resolution on the terms and conditions set out in the New Sewer Indenture, including rate and revenue covenants therein."

The indenture is the contract the county as a debtor makes with its creditors who will hold these bonds when the deal is done. If that document yet exists, even in draft form, the county has not released it to the public. And until the county releases it, the public will not be able to know what kind of deal the commission is really striking with Wall Street.

What happens in secret?

The questions the indenture should answer are basic and important to everyone who lives in Jefferson County. What happens if the county doesn't receive the revenue it has projected in its plan of adjustment? Must the county then raise rates or must creditors make due with that revenue alone? Will the county have to pull from other revenue streams or raid its general

fund? Will the county have to raise taxes or impose a non-user fee on septic tank owners?

As of yet, none of these questions has answers, at least as far as the county's residents are concerned. Only the commissioners, their lawyers and

the county's creditors have a sense of what's to come from that document.

Throughout its negotiations with Wall Street, the commission has conducted its business mostly behind closed doors. Under Alabama's open meetings

law, the county can go into executive session to receive advice from its lawyers, but deliberations — the general talking it out among the commissioners — is still supposed to happen in the open.

Short-term memory

But as AL.com reported, there hasn't been much discussion at all after executive sessions, to the point that commissioners couldn't remember whether or not they discussed who to hire

as the county's new bond counsel and underwriters.

Major decisions that will affect this county for a generation are happening in secret and documents that might give clues to where the county is going are not available for the public to see.

OUR VIEW

Once again, the county sewer ratepayers are stuck with the bill

One has to wonder just who is representing the interests of the sewer ratepayers in Jefferson County. It certainly doesn't seem like the majority of the Jefferson County Commission is doing a very good job.

Once again, the majority on the County Commission is leaving their constituents to suffer for their inability to get better terms from those who hold the county's debt, even as Jefferson County seeks to emerge from bankruptcy.

AL.com's and The Birmingham News' Barnett Wright reported that by charging all Jefferson County sewer customers a \$5 base charge on Nov. 1, that means a 13-percent increase for the average residential sewer bill.

What happened to the agreement last month for a 7.41-percent increase for four years and a 3.49-percent increase afterward?

Especially troublesome is the perspective of Commissioner Sandra Little Brown: "We got experts and attorneys, we are paying them big money, and we need to take their recommendation that will get us out of bankruptcy."

Actually, the taxpayers of Jefferson County are paying those "experts." But who is on their side? Who is negotiating for the sewer ratepayers and taxpayers? Whoever it is, please stand up.

The county's rate expert, Eric Rothstein, said wet and



A Jefferson County sewer manhole cover in Railroad Park in Birmingham. [File]

cold weather caused sewer consumption to fall about 5 percent below what it was last year, and, if consumption projections aren't met, rates have to be adjusted.

Odd that wet and cold weather would lead people to flush their toilets less, but that's why we pay the experts and attorneys the "big money," right?

The ratepayers of Jefferson County need to know they have somebody in their corner. But the majority on this County Commission — and all those expensive experts — seem out-marched by their opponents in negotiations.

It is important for Jefferson County to exit this bankruptcy — but not at any cost.

The ratepayers have been promised much but see little that would encourage confidence that the County Commission is truly keeping county residents' interests in front.

That's a real shame.

This editorial is from The Birmingham News editorial board.